

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



A335,8  
R88  
copy 4

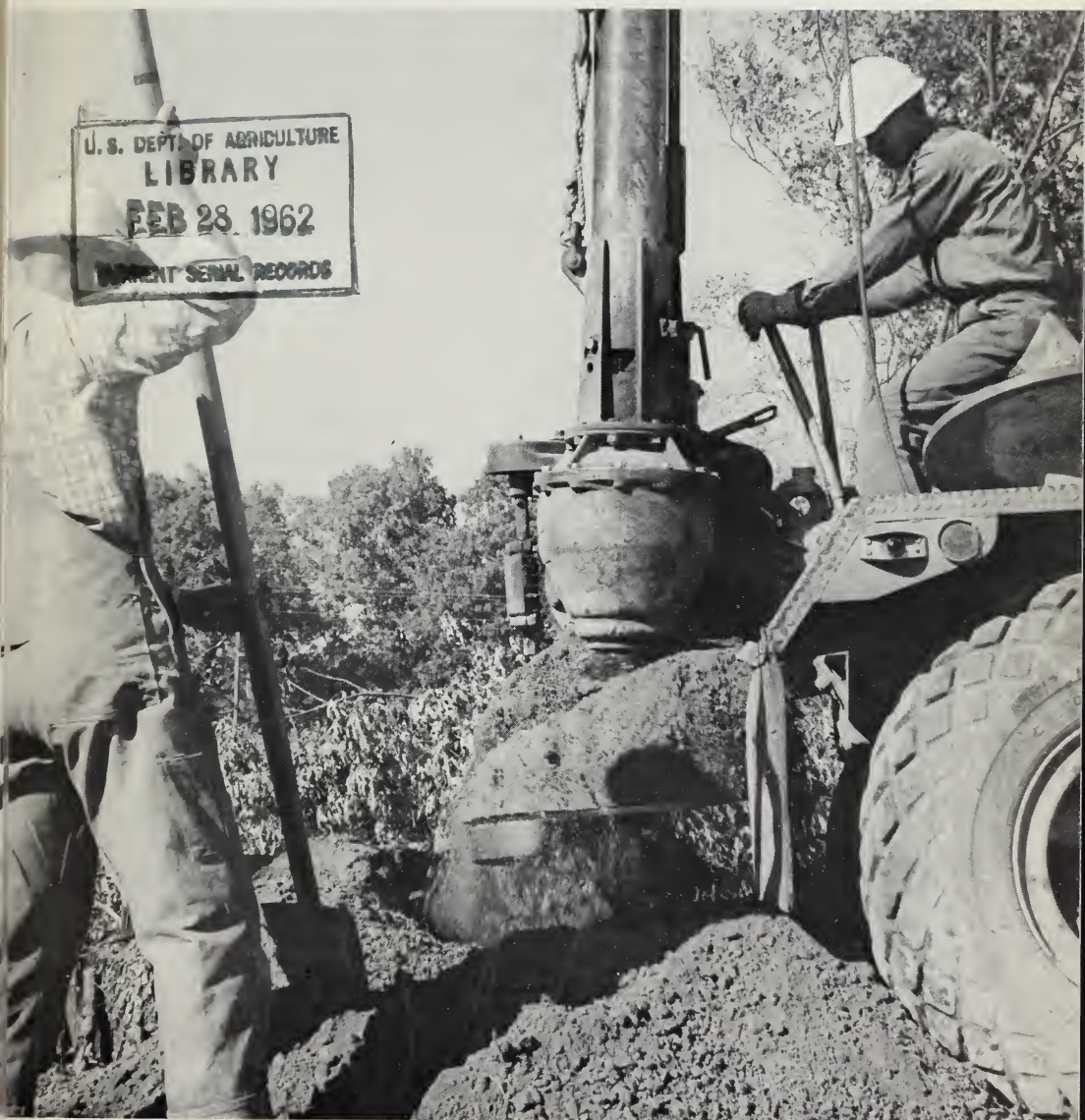
# Rural Lines

RURAL ELECTRIFICATION ADMINISTRATION

• U. S. DEPARTMENT OF AGRICULTURE

FEBRUARY

1962



Power for Tomorrow's Loads (page 3)  
The Co-ops Have Earned Their Place (page 7)  
President Backs G&T Program (page 10)



## A Message from the ADMINISTRATOR

President Kennedy's budget recommendation for a substantial increase in REA loan funds shows that he considers the generation and transmission needs of the rural electrification program a top priority item. He knows that wholesale power is the lifeline of rural electric cooperatives; he also knows that the G&T authority of the Rural Electrification Act (an empty authority without adequate funds) is frequently a co-op's only hope of securing an alternative source of power when its security is threatened by a hostile power supplier.

Rural electrification has a champion in President Kennedy. His understanding of the needs of the program is reminiscent of the days of Franklin D. Roosevelt. The fact that he possesses this understanding and this sincere concern for the welfare of rural electric systems and the people they serve is tremendously important to the future development of rural electrification.

Critical days lie ahead for our cooperatives, and they would be dark and difficult days indeed if we lacked the full support of the White House. But the President has told the Nation that we have his wholehearted support, that necessary G&T loans have his wholehearted support. Now we can move forward, firmly and confidently, in our determined drive to secure adequate protection and fair play for rural electric cooperatives and their millions of rural consumers.



Administrator

## Rural Lines

*June E. Panciera, Editor*

*Contributors to this issue: Bernard Krug, Barton Stewart, Jr.*

*Cover picture: Workmen operate power augur, digging pole holes in Illinois soil to make way for Southern Illinois Power Cooperative transmission network.*

Issued monthly by the Rural Electrification Administration, U. S. Department of Agriculture, Washington 25, D. C. Subscribe to this publication from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Price \$1.50 a year; foreign \$2.00 a year; single copies, 15 cents. Use of funds for the printing of this publication has been approved by the Director of the Bureau of the Budget, January 31, 1960 • Vol. 8, No. 9.





*Big quarry near Corydon uses 500-horsepower connected load to power its digging and crushing work. It produces architectural and road-building stone.*

## POWER FOR TOMORROW'S LOADS

Rural people are using electric power in prodigious amounts, and they will need it tomorrow in even greater quantities as the demand soars. Estimates for future power requirements always seem to come out on the conservative side. The REA-financed Harrison County Rural Electric Membership Corporation, at Corydon, Indiana, is a case in point.

"In 1950," says co-op manager George W. Higdon, "our consumer's average monthly consumption was 123 kilowatt hours. Ten years later, in 1960, it had increased nearly 187 percent—to 348 kwh per month—and it's still going up. There is no telling how high it will go. All we know is that we have to be ready for whatever demands the members make on us. This is the sort of business that needs a lot of long term planning; you can't get ready a day or two beforehand."

The demand shows no signs of letting up. The co-op has figures to back up its prediction that the ascent will continue—to 490 kwh in 1966, and to 620 kwh in 1971.

When the Harrison County cooperative was organized and energized in the late thirties, the people did not have electricity, but they wanted it. They chose to serve themselves because it was the only way they could get central station electric service at reasonable rates. With its first loan, the co-op planned to build 342 miles of distribution lines to serve 1,014 signed members. More than 500 additional names were listed as potentials. The land was described as "rolling to rough" and some of the soil was productive, the remainder poor and eroded.

Those early members anticipated paying a minimum monthly power bill of \$2.50; in the first 10 months of 1961, the average bill was \$9.19, excluding public and commercial users.

Rural people in southern Indiana have come a long way from those days, when the major uses for electricity were lights, an iron, and perhaps a radio. As the Harrison County co-op approaches its silver anniversary, it can look back on a quarter

century of hard work and notable achievement. With the \$2.2 million it has borrowed from REA, it has built nearly 1,100 miles of line in 5 counties and is serving almost 5,800 farms and other rural consumers. It has built up this retail market slowly, but steadily, over the years. It strongly feels that this market rightfully belongs to it, and to nobody else.

expect to stop at that figure. He has a firm belief in the area's growth potential.

The dependability of co-op power is a major factor in his plans for future expansion of the community to include a sanitary sewer system, new mercury-vapor street lights, and industry.

Harmon feels that the site is ideal for industrial development—located



*Co-op serves Ohio river dam at New Boston, Ind., opposite Fort Knox. Canal (foreground) permits ship and barge navigation down the Ohio to Cairo.*

Financially, it has made an enviable record, too. It has paid the Government almost \$1.2 million in principal, interest, and advance payments. Its members use power today in hundreds of different ways, for production and for comfort.

Consider Forrest Harmon, an energetic builder whose new housing development, Harmon Village, has sprung up near the small community of Galena, a few miles out of New Albany in southern Indiana.

Harmon hopes to increase the number of homes in the village to 100 in the near future, although he doesn't

right at the edge of a main highway, with plenty of electric current available, and plenty of water." He is emphatic in his belief that the community will grow.

"We will need more homes and more public facilities, especially schools," he says. "We couldn't think in these terms if we didn't have enough electric power now—and the assurance that more will be available when we need it in the future."

Some of the residents of Harmon Village own their homes, and others rent. Many of them work in New Albany, Indiana, or in Louisville,

Kentucky, less than 12 miles away. They like countryside living.

Most of the Harmon Village homeowners shop in New Albany. Occasionally, some of them drive over to New Middletown, to trade at Fred Winterkorn's general store.

Fred is a popular storekeeper, possessed of a twinkling sense of humor and an enormous capacity to make and keep friends. Perhaps that is why, for 20 years, his neighbors have elected him to the board of the Harrison County cooperative, where he is currently serving as vice president.

"We are only one of a group of rural electric cooperatives in this area that need a good steady supply of power at a reasonable rate—a source and rate that we can rely on," says Winterkorn.

He speaks from experience. With more than two decades of cooperative rural electrification behind him—and a period of almost unlimited expansion ahead—this electric co-op official talks about power supply in a tone of respect and understanding. He knows how important it is, especially to a rural electric organization, whose members stepped in 25 years ago to provide themselves with a vitally needed service.

Today, the co-op's area is also served by another REA borrower: the Eureka Telephone Company, with headquarters in the same town of Corydon. The company serves 4,700 subscribers on 800 miles of telephone line.

W. A. Parker, telephone company manager, has been a driving force in the formation of the Harrison County Economic Development Council. Originally organized in 1955, the Council was reactivated in 1961, following announcement of the Department of Agriculture's Rural Areas Development program.

The Council's Overall Economic

Development Plan (OEDP), submitted to the Area Redevelopment Administration of the Department of Commerce in August 1961, became the first such plan to be accepted by the ARA from the State of Indiana.

The Council's leadership is interlaced with representatives of both



*Co-op booster is Fred Winterkorn, board vice-president and store owner.*

REA borrowers in Corydon. Parker is the Council's secretary and also serves as president of the local Chamber of Commerce.

Peter Schickel, chairman of the Council, operates a poultry farm served by the electric co-op.

Jerome King, co-op director, is also a Council director.

Francis Hess, telephone company director, also serves on the Council board. And Blaine Hays, Jr., co-op attorney, is a member of the Council board.

Number one project on the Council's program is to develop the huge silica sand deposits in Posey Township, in the southeast part of Harrison County. Also on its agenda is construction of a bridge across the Ohio River near Mauckport, to eliminate



the present ferry bottleneck in transporting goods and services. The Council also contemplates building and extending municipal sewer and water services where needed in Harrison County and preparing and adopting a master plan for countywide zoning and planning.

But it is the silica sand refining project that is now on the top of its list of plans. Independent drilling and chemical analysis have shown that, in 900 acres of Posey Township, there are more than 33 million recoverable tons of high silica sand. The Indiana Glass Sand Company has been organized to mine and process the sand—mostly for use in manufacturing glass, soap detergents, and cleaners. The OEDP states that more than 100 other jobs would be created right away, to process the sand. Other companies—such as bottle manufacturers—will be attracted to the area once the production of this high grade

sand begins.

The supply of sand will last for 40 years, and eventually will result in the creation of 1,000 jobs. Later, the area can be turned into a highly profitable resort territory.

Construction of the factory will cost about \$700,000. The Harrison County Economic Development Council has set up a local development corporation, prime function of which will be to sell stock, to finance construction. The electric cooperative started the campaign by investing \$7,000. The telephone company plans to offer a proportionate amount of assistance.

At the outset, the sand plant will require an initial electric load of about 335 horsepower.

From every conceivable angle, the Harrison County Rural Electric Membership Corporation has shown that its consumers, both present and potential, will continue to require an ever-increasing supply of low-cost power.



*Employees of Greene County Rural Electric Cooperative in Iowa recently processed 4,700 patronage refund checks to add more than \$140,000 to the Christmas shopping money available in the co-op's area. The refunds represented capital credits for the years 1951-53 and ranged from 4 cents to \$289.*



*Up she goes! Construction crew wastes no time in setting transmission poles.*

## "The Co-ops Have Earned Their Place"

Bulldozers are gouging and scraping mountainous chunks out of the Southern Illinois farmland these days as construction of a 99,000-kilowatt steam generating plant nears completion just outside the city of Marion. It's all the result of a \$25.8 million loan approved early in 1960 to the Southern Illinois Power Cooperative, at Steeleville. The loan will enable the borrower to meet all the electric power requirements of three REA distribution member cooperatives for the next 10 years. The cooperatives that will benefit from the new source of power serve more than 23,000 rural consumers in 19 southern Illinois counties.

These consumers are using more and more power every year. In 1957, the average farm usage by members of the Egyptian Electric Cooperative at Steeleville (one of the three members) was 335 kilowatt-hours per month. By 1963, it will be 510 kwh; by 1968 it will have gone up to 660 kwh; a conservative estimate pegs it at more than 800 kwh a month by the year 1973.

The story is much the same on the lines of the other two cooperatives—



the Southeastern Illinois Electric Cooperative, at Eldorado, and the Southern Illinois Electric Cooperative, at Dongola.

Raymond S. Holt, manager of Egyptian, is also board president of the new power-type borrower. Holt is a dedicated man and a fighter, when he is sure his cause is just. It is his kind of perseverance that is changing the landscape of southern Illinois, flooding a manmade lake to provide a water supply for the new G&T, and giving 23,000 rural Illinois people the chance for a secure and steady supply of wholesale electric power at a price they can afford to pay.

Recently, he said, as he stood near Clifty Creek Bridge, overlooking the future Lake of Egypt six miles from Marion, "In a few months, 2,200 acres of this land will be under water. It just shows you what people can do; they will change the face of the earth if they believe in what they're doing."

How well his cooperative members "believed" is shown by the record. They have borrowed \$4.8 million from the Government, and \$4.2 million has been advanced. With this money, they have built 1,663 miles of line to serve

5,179 members. They have paid the Government more than \$1.7 million in principal and interest, including a balance of more than \$111,000 of principal repaid before due.

Slightly more than 2 years ago, the cooperative was buying more than half of its wholesale power at 8.5 mills per kwh from an electric company. The supplier presented a new contract, boosting the rate to 9.3 mills and specifying a dual rate affecting some of the co-op's commercial consumers. The co-op turned the proposal down. Another offer from the supplier, presented after the \$20 million loan had been approved, set the rate at 13.5 mills. This prompted the co-op to take the case to the Illinois Commerce Commission, which ultimately ordered a retroactive decrease to 11.25 mills. The co-op expects another decrease, even before the Marion plant goes into operation—now scheduled for early 1963.

Meanwhile, as the generating plant is being built and construction crews are busy setting the 354 miles of transmission line to transmit the power to the load centers of the three cooperatives—all kinds of information is being circulated in the 19-county area. Some of it is truthful; some of it is stretched a bit.

Take the issue of coal consumption, for example. The new plant will burn up large amounts of bituminous coal, most of it mined locally. At the beginning, it will need 125,000 tons per year. Later, when it gets rolling, consumption will go to 180,000 tons and higher.

The utilities at first said that the cost of this fuel, per billion BTU's, would be a prohibitive 22 cents. Later, a small printed pamphlet entitled "Facts" flooded the area, predicting that the cost would be 20 cents. Actually, co-op engineers have estimated that this coal cost should not go over

17 cents, and could be much less.

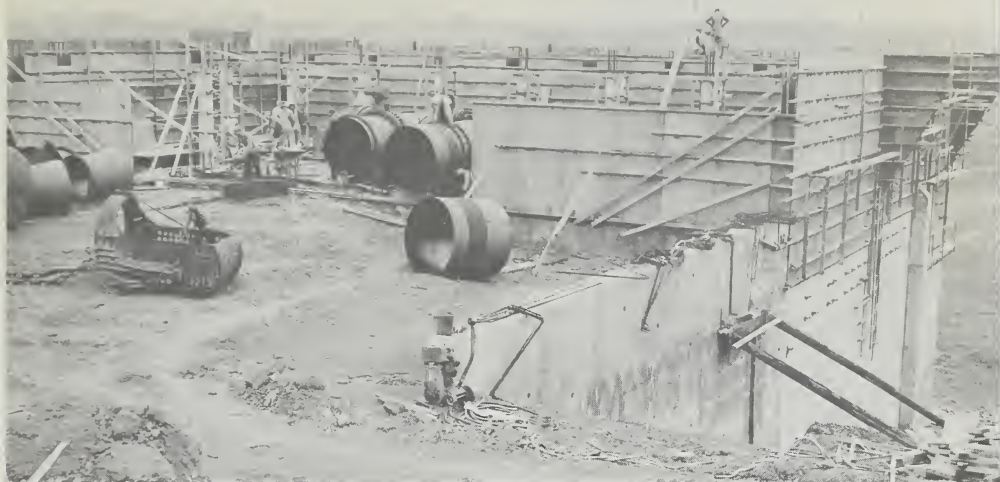
"Facts" is an interesting publication. Concerning its origin, Holt says:

"It's put out by an Illinois power company, which wrote it first for its employees. Every page of it is misleading, and the only kind of truth you'll find in it is the 'half-truth' kind. For instance, it talks about co-op income tax exemptions, but it doesn't mention the millions of dollars that utilities have retained in deferred Federal income taxes. It talks about co-ops 'infringing on company territory' but it neglects to refer to the companies' refusal to serve certain areas 20 or 25 years ago. There are lots of interesting pieces of twisted logic in this booklet, and I don't think our members are being convinced."

The members know the truth about rural electric power and their stake in its future. They are informed and enlightened.

Adolph Riekenberg operates a 480-acre dairy farm near Steeleville. He has 80 head of cattle, milks 40. His farm is all electric. He pumps water from a pond back of his house, and chlorinates it for drinking and bathing. He heats his big six-room house electrically—1,300 feet of living space—for \$180 a year. His house is very comfortable now, but he remembers the old days all too well.

"When the Egyptian co-op started out, my dad helped out in the sign-up campaign by acting as interpreter for the German-speaking population. I grew up with the knowledge that electricity was one of the most necessary things on the farm. About this new G&T—I feel that if you can't buy the power you need at a reasonable price, there is no other way but to generate it yourself. I certainly don't believe the co-ops should generate all the power for everyone, but I do feel that they have earned their place in the rural economy, and they must be al-



*Five contractors, 300 workmen rush to complete Southern Illinois' generation and transmission plant at Marion. Whole site comprises more than 8,100 acres.*

lowed to expand wherever it is necessary for the member's benefit."

Another member, Don Holloway and his son Robert, run a 400-acre farm near Sparta, Illinois. The farm ships a ton of milk a day and its electric bill averages \$50 a month. In the Holloway "lactorium," a man can wash, feed, and milk up to 42 cows in 1 hour. The lactorium can handle up to 100 cows but Holloway plans to stop at 80.

"Electricity has tripled our milk returns," Holloway believes. "And we need to continue getting co-op power, the more the better. Without it, this farm would be for sale."

Holloway is proud of another son, Jim, who at 29 has served four terms as a member of the Illinois State Legislature. (Jim also does member education assignments for the Egyptian co-op, when he has the time.)

Oscar Menerich, beef and hog farmer near Red Bud, Illinois, offers the cautious attitude.

"At first, I thought we had bitten off more than we could chew, with such a big loan. Then later I began to understand that there was no other way to do it. The co-op had to protect

itself if it planned to stay in business."

And consider the commercial part of the question. Don Hartman, of Chester, Illinois, builds houses.

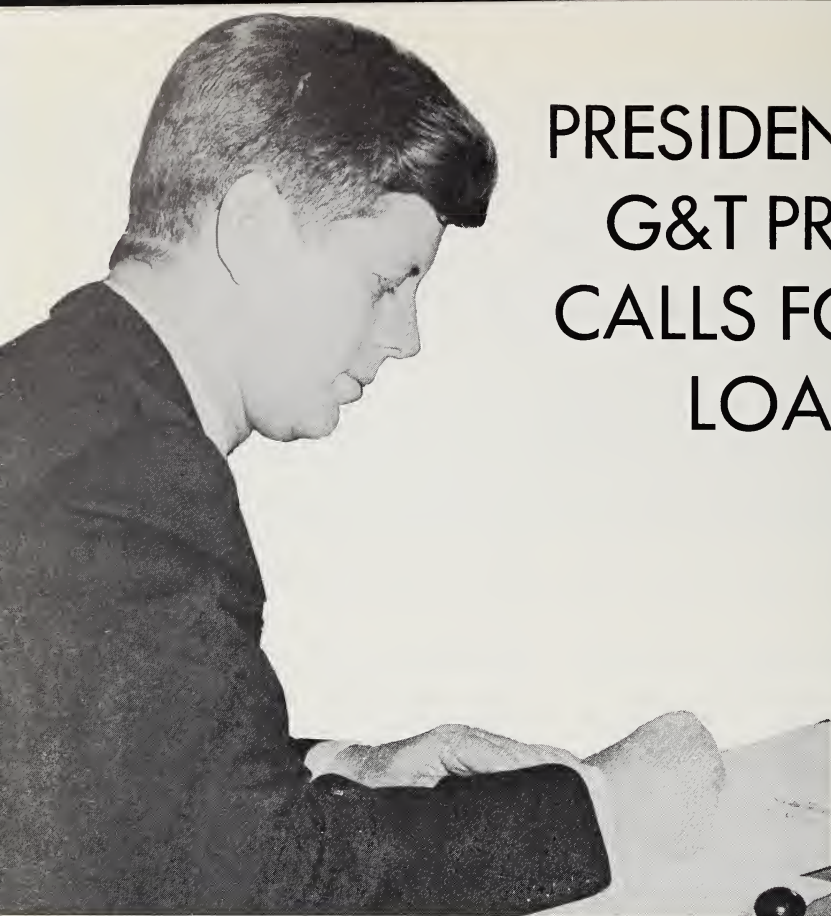
"Do I get co-op service?" he asks. "No, but I sure wish I did. I'm in the house construction business and everyone I build a house for wants electric heating. I can't sell that kind of house because the utility rate for heating is too high. With the co-op rate, I might make a go of it."

What Hartman (and many of his neighbors) can't figure out is how the co-op can offer a lower heating rate than the very company that supplies its wholesale power.

Egyptian co-op members don't waste time daydreaming. Instead, many of them take the time to drive out to the Marion steam plant and look at the concrete evidence of their hard work. There, they see the twin 200-foot smoke stacks taking shape. They watch the workmen dwarfed by the brick-and-steel complex they are building.

As they view all this activity, they know they have the start of a new source that will provide all the electric power they will need for their future—and for their children too.





# PRESIDENT BACKS G&T PROGRAM CALLS FOR MORE LOAN FUNDS

President Kennedy gave his personal support to REA's G&T loan program in his 1963 Budget Message to the Congress by recommending "a substantial increase in Rural Electrification Administration loan funds—to permit financing of additional generation and transmission facilities where that is necessary."

He called for \$345 million in new authorizations for the electric program in fiscal 1963—up \$100 million from fiscal 1962's authorization. His request for \$135 million to meet telephone loan requirements brought the total recommendation for both REA programs to \$480 million.

In the section on REA, the 1963 Budget states: "As the demand for electric power in rural areas continues to expand, the rural electric cooperatives must have adequate supplies of

power at reasonable prices to meet their needs. The 1963 recommendations include a substantial increase in Rural Electrification Administration loan funds to permit financing of additional generation and transmission facilities. The adequacy of the recommended funds will depend on the willingness of other power suppliers to meet the requirements of the rural electric cooperatives on a reasonable basis."

The Budget also announced that the Administration will propose legislation to establish an REA "Loan Account," to permit the use of REA loan collections to help finance new loans. In the past, all REA collections were paid into miscellaneous receipts.

During fiscal year 1963, REA will collect an estimated \$136 million in principal payments from its bor-

rowers. If the Loan Account proposal becomes law, the Budget request of \$480 million in new obligational authority for REA would be reduced to \$344 million, since the \$136 million in principal collections would be available to relend. USDA spokesmen point out that the Loan Account proposal would not operate like a revolving fund.

The strong White House support for REA's generation and transmission program followed a year of accelerated G&T loan activity by the agency. Between February 4, 1961, start of the stepped up program, and January 19, 1962, REA approved 76 G&T loans totaling \$163,475,120. This total accounted for well over half of all electrification loans made by the Agency during the 11½-month period, and it included \$83.6 million for generation and \$79.8 million for transmission.

As usual, the lion's share of the G&T loans went to power-type borrowers, which accounted for \$149.8

million of the \$163 million in loans approved. Largest loan of the year—and in REA's history—was for \$60,225,000 to Hoosier Cooperative Energy, Inc., to build a 198,000-kilowatt steam generating plant at Petersburg, Indiana. The plant and transmission facilities will serve 17 distribution co-ops in southern Indiana.

Second largest loan of this Administration's first year was for \$20,350,000 to Alabama Electric Cooperative, at Andalusia. The loan was the first made under REA's new "security" criterion.

Other big G&T loans included \$19,840,000 to Arizona Electric Power Cooperative, at Willcox; \$14,683,000 to South Texas Electric Cooperative, Gonzales; \$10,000,000 to Brazos Electric Power Cooperative, Waco, Texas; and \$9,446,000 to Western Farmers Electric Cooperative, Anadarko, Oklahoma. These six loans alone accounted for more than 82 percent of the total G&T loans approved since February 4, 1961.

*More power for rural people is on its way.*





# WELLINGTON'S "RENT-A-LIGHT" PLAN

When homeowners in and around Wellington, Ohio, want to light up their yards, they don't have to buy expensive equipment, hire electricians, or worry about replacing light bulbs. They simply rent a "yard light" from Lorain-Medina Rural Electric Cooperative, Inc., headquartered in Wellington.



*Co-op Manager Crawford poses proudly in front of "1,000 yard light" map.*

Under a comprehensive light rental program, Lorain-Medina furnishes equipment, installation, maintenance, and power for incandescent, mercury, or fluorescent lighting fixtures. The 5,110-member co-op charges a flat monthly fee of \$2.25 to \$4.50—depending on type of lighting unit—for each light installed and takes the responsibility for its year-round, automatic dusk-to-dawn operation.

Begun in 1956, the program was a logical successor to an outright purchase plan first instituted 2 years before, according to Lorain-Medina's General Manager Karl B. Crawford.

Crawford, a professional engineer with memberships in both the American Management Association and the American Institute of Electrical Engineers, has been manager of Lorain-Medina for 10 of its 25 years.

"Lorain-Medina was, I believe, the first co-op in the country to develop any kind of a private lighting program for its members," Crawford says. "I think my first notion of the need for such a program came immediately after I drove off a driveway one night into a ditch."

By the end of 1960, some 1,000 electric lights had been installed under the program. About 80 percent of these are at residential or farm locations, and are divided into two categories: "driveway lights" and "yard lights." Driveway lights, which were bought outright by the members and installed on the members' side of the meter, are controlled manually. Yard lights, all of which are rented to the member and installed on the co-op's side of the meter, are operated automatically by photoelectric control.

The program contains many benefits, both direct and indirect, according to Crawford. "For one thing, our members receive direct benefits in security lighting at lowest possible cost, which is our board's policy. We are able to keep the price of this lighting attractive to members, because maintaining a comprehensive program enables us to buy the equipment in quantity at better material cost.

"One of the major benefits, however," declares Crawford, "is that the revenue earned by the lighting program helps to keep the cost of other services low. We're here to serve members, and this program represents a



significant service. We'd like to see every member participate in it."

Promotion of the program has been a staff-wide proposition. Lorain-Medina has 22 linemen and each of them is a salesman for private lighting. "We have a standard offer," explains Crawford, "under which they receive a \$2 commission for every job they bring in."

One promotional tool at the lineman's command is a truck equipped with a telescoping wood pole on which is mounted a yard light unit. The unit includes an a.c. power supply, so any salesman can actually demonstrate what a light will do for a member.

The sales incentive program also includes periodic contests with prizes including shotguns, fishing equipment, cash bonuses. The sales effort has produced lighting installations for farms, residences, motels, drive-ins, swimming pools, truck terminals, service stations, churches, and even junkyards.

"We now are working on renting lights to private clubs, and schools for lighting football and baseball fields," Crawford says.

At first, Lorain-Medina offered only incandescent units with open metal reflectors, but have since moved into mercury-vapor lights with acrylic shatter-resistant refractors.

The latest step in the light program is a look toward fluorescent lights as a possible standard. Crawford says his members want something more decorative for daytime appearance, and he hopes his trial of fluorescent units will provide the answer.

How do the members feel about the rental program?

"Look at it this way," comments Crawford. "Before we began the lighting program, thieves working at night were stealing everything from gasoline to pigs from members. Since the installation of lights, virtually none of the lighted establishments have suffered a loss from theft at night. How do you think they feel? The only

*Ohio truck stop owners rent three mercury-vapor lights to bathe their property with daytime "see-ability." Lorain-Medina co-op also lights busy intersections.*



time we hear from them is when one of the lights goes out. Then we hear plenty."

Members themselves corroborate Crawford's testimony.

A service station proprietor put it this way: "Our lights are good, inexpensive insurance against robbery. They shine up the place at night and we don't have to worry about turning

safe driving. This program, carried out with the approval of county authorities, has helped to make residents light-conscious.

The co-op provides power along 710 miles of line in Lorain, Medina, Huron, Wayne, and Ashland counties. The maximum system load has been 10,496 kva, although 7 substations give it a distributing capacity of



*No more petty pilfering at this rural residence on Lorain-Medina's lines! The rented light provides security and convenience. It turns itself on and off.*

them on. They come on by themselves.

Farm owner Alvin Barth, chairman of Lorain-Medina's Board of Trustees, says ever since he had a light installed, "I've been getting better mileage on my car—less gas stolen. Another thing, you can see where you're going when you drive into my place. You know it quick if the light fails."

In addition to its member lighting program, Lorain-Medina adds an extra service for its 1,000-square-mile 5-county area: it installs and operates a number of "courtesy" lights at rural intersections it deems too dark for

12,750 kva. During 1960, member demand totaled nearly 4.5 million kilowatt-hours, with a 94.2 percent power factor and 57.9 percent load factor, according to Crawford.

Lorain-Medina may have been the first cooperative to adopt a private lighting program, but many other co-ops now offer similar service, and find it popular with members as well as a good load and revenue source.

As one co-op manager put it: "We think of private lighting as a top public relations tool—here is a co-op service everyone can appreciate!"

# TELEPHONE SERVICE IN THIN TERRITORY



*Sully Buttes' lines connect remote ranches to dial central office.*

Sully Buttes Telephone Cooperative is determined to continue its success despite two obstacles—thin territory and dwindling area population. The co-op, the largest in South Dakota in area, miles of line, and total loan funds, is located at Highmore—a town of 1,200—which it serves. Its 15 exchanges serve nearly 3,300 subscribers in parts of 15 counties. A lot of this is very thin territory. Some of the co-op's lines reach a distance of 27 miles to serve only 8 to 10 subscribers.

Sully Buttes began, as many telephone cooperatives have, with a group of farmers who had tried and failed to get modern telephone service through existing companies. The winter of 1951-52 was the year of the breaking point as far as these folks were concerned. Blizzards knocked out the old single wire lines and continuing deep snow made it impossible to get out and repair them. The situation was pretty desperate.

As one farmer put it: "The only way we could call a doctor was by sending up a smoke signal to a passing airplane."

When the farmers finally dug out, they decided it was time to make a united effort to get modern telephone

service. They began holding meetings to promote the cause. In less than a year they organized, named, and incorporated the Sully Buttes Telephone Cooperative.

Then the real work began—securing the preloan requirements requested by REA. As part of this process, they secured options on a number of rural mutual aid switcher line telephone companies, got town and county franchises, made boundary agreements and toll settlements, obtained certificates of convenience and necessity, and made pole rental agreements with electric cooperatives.

Sully Buttes first REA loan of \$1.7 million was approved in July 1954. Early the following year, an office was set up in an old barber shop in Highmore and a manager was hired.

By 1958, the co-op was "over the hump" with 15 dial exchanges operating. Eight of these exchanges—974 subscribers—had comprised a commercial borrower that consolidated with Sully Buttes. Since then the construction of the plant has been completed and a new headquarters has been built in Highmore.

In March 1960, James Olson became Sully Buttes' manager. Olson was communications chief with the





*Trim, new headquarters building of Sully Buttes telephone cooperative is located in town of Highmore, South Dakota.*

U.S. Army in Japan from 1945 to 1947. He has been in the telephone business with REA cooperatives since 1955.

He fell heir to Sully Buttes' other major problem—dwindling area population. Many of the little towns in the co-op's service area are literally fighting for their lives—and in some cases losing the battle. Improved highways are the major cause. They are luring business away from the tiny hamlets to the bigger towns and cities. In the little towns that are off the super highways, stores, restaurants, and theaters are shuttered. Rail and bus lines have been abandoned. The empty station houses are falling apart and railroad tracks are overgrown with weeds.

Further, the remains of the towns offer very little opportunity for young people. So they, too, are hitting the asphalt trail to the big towns where they feel they will have more chance for rewarding careers.

But the situation is not hopeless. A nearly completed irrigation ditch originating from the Oahe Dam on the Missouri River will traverse the Sully Buttes' service area about 15 miles north of Highmore. This irri-

gation ditch is expected to attract new people to the area and new subscribers for Sully Buttes.

Meanwhile the cooperative is more than holding its own. In the first quarter of 1961, it added 56 new subscribers to its list. Further, it has paid almost \$5,500 in advance on its REA loans. These are not accidents. They are the results of continuing efforts to succeed by the manager and board of directors, who are dedicated to the co-op. For example, the monthly board meeting is almost always attended 100 percent, even though the 12 members have to travel long distances to get there. One director has to travel 200 miles each way.

Olson, too, takes every opportunity to promote the co-op. He tells both the cooperative story and the REA story via a co-op newsletter to members and through the local newspapers.

The board of directors, the employees, and the member-owners are all very proud of their co-op and of their modern telephone service. They not only look forward to many more successful years, but they are willing and eager to do their share to insure that success.



*REA Administrator Clapp (center) leads discussion at recent safety conference. Meeting agreed on need for workable code, strong safety policy and regulations.*

## No Fatalities in '62

"As long as there is one man hurt or killed on REA-financed systems, we have fallen short of our safety goal," Administrator Norman M. Clapp told a 30-man informal safety and job training meeting at REA recently.

Participants came from many groups interested in accident prevention. They represented insurance companies, the National Safety Council, the National Rural Electric Cooperative Association, the International Brotherhood of Electrical Workers, the Red Cross, the U. S. Office of Education, and nearby REA borrowers, both electric and telephone.

Generally, the meeting addressed itself to providing suggestions and opinions to answer three questions:

1. Where do we fall short in the war against accidents? (Eighteen employees of REA-financed systems lost their lives in 1961.)

2. What can REA do about it?

3. What can REA borrowers do about it?

Management and workers should get together, the gathering agreed, to devise a workable safety code, one that both sides can enforce and live with, and that will have the full backing of each board of directors.

The board must establish a good strong safety policy to be implemented by good working rules and regulations. The employees must have safety consciousness, the proper job training and the proper tools.

A co-op manager brought a personal and grim touch to the end of the meeting. "On more than one occasion," he reported, "I have had to knock on a front door, and tell the woman who answered that her husband is dead. It is not a very pleasant experience."

# New and Revised REA Bulletins . . .

## New Bulletins:

- 345-19 (10/23/61), "REA Specification for Figure 8 One-Pair Distribution Wire." This bulletin describes REA minimum requirements for Figure 8 one-pair distribution wire.
- 345-20 (10/23/61), "REA Specification for Figure 8 Multipair Distribution Wire." The bulletin describes REA minimum requirements for Figure 8 multi-pair distribution wire.
- 345-21 (10/23/61), "REA Specification for Polyethylene Raw Material." This describes REA minimum requirements for raw materials to be used in the manufacture of insulated wire and cable products for REA borrowers' systems.

## Revised Bulletins:

- 381-10 (10/20/61), "Subcontracts Under Contracts for Construction or Installation of Telephone Borrowers' Activities." A revision to bring references to REA forms up to date.
- 44-1 (11/24/61), "Specifications and Standards for Materials and Equipment." A revision to bring the list of REA specifications for materials and equipment up to date.
- 387-1 (12/1/61), "Preparation of Plans and Specifications for Construction of Telephone Borrowers' Buildings." A revision to announce revised plans and specifications for masonry-type unattended telephone central office buildings, and the consolidation of the telephone and electric building contracts into one form.

## Supplements and Partial Revisions to REA Bulletins:

- 344-1 (8/14/61), "Methods of Purchasing Materials and Equipment for Use on Systems of Telephone Borrowers." A memorandum announcing that borrowers who plan to retain existing dial central office equipment in the system may request REA to waive competitive bidding.
- 322-1 (10/2/61), "Area Coverage Survey." A memorandum supplement emphasizing the importance of designing a telephone system for area coverage service and announcing a return to the use of the term "area coverage design."
- 300-4 (10/6/61), "Annual Statistical Report—Rural Telephone Program." A supplement containing comparative statistics, by subscriber, for the revenue and expense items of telephone borrowers.
- 109-3, 409-2 (10/18/61), "Application of the Fair Labor Standards Act—Federal Wage and Hour Law." A memorandum quoting opinions of the Wage-Hour Administrator regarding the application of recent amendments to the Fair Labor Standards Act to telephone exchanges.
- 345-12 (10/31/61), "REA Specification for Buried Distribution Wire." A partial revision to reflect design changes in buried distribution wire, Specification PE-24.



# 1961—Another Year of Progress For REA Borrowers

## Electrification Program

- REA borrowers connected 125,000 new consumers during the year. They now serve 4.9 million in 46 States, Puerto Rico, and the Virgin Islands.
- Five new borrowers were added to the program. Four of these were power-type. This brings the total active borrowers to 992.
- REA began taking part in the USDA program to assist in the development of rural areas. In addition to technical assistance, three Section 5 loans for RAD purposes were approved during 1961.

## Telephone Program

- REA borrowers extended new or improved telephone service to 200,000 subscribers during the year, bringing to 1.3 million the total number of subscribers served by REA financed systems in 45 States and the Virgin Islands.
- By the end of the year, about 3,000 dial central offices had been placed in operation.
- There are 768 borrowers in this program.

---

## Conference Date Changed

The date of a regional wood pole conference to be held at the University of Tennessee, announced in an earlier issue of Rural Lines, has been changed to February 21-23, 1962.

## THIS MONTH

---

- 2 *Administrator's Message*
- 3 *Power for Tomorrow's Loads*
- 7 *The Co-ops Have Earned Their Place*
- 10 *President Backs G&T Program*
- 12 *Wellington's "Rent-A-Light" Plan*
- 15 *Telephone Service in Thin Territory*
- 17 *No Fatalities in '62*
- 18 *New and Revised Bulletins*

## Some Recent Publications on Rural Areas Development

### ● Journals

Rural Lines, June 1961 and October 1961—REA  
Soil Conservation, January 1962—SCS  
News for Farmer Cooperatives, January 1962—FCS  
Extension Service Review, October 1961—FES

### ● Speeches

Basic Provisions of the Area Development Act. Herman Plavnick, OGC.  
Economic Progress and Problems of Rural People. H. A. Henderson, ERS  
Rural Area Development in a Growing Economy. Frank T. Bachmura and Robert B. Glasgow—ERS

### ● REA Bulletins

800-1 Rural Areas Development  
800-2 Department of Agriculture Personnel Engaged in Rural Areas Development Program  
800-3 Financial Participation in Rural Areas Development  
821-1 Electric Loan Policy for Section 5 Loans  
(and Amendment)  
850-1 Lending Programs of the Federal Government of Interest to REA Borrowers  
Engaged in Rural Areas Development Activities

### ● ASCS

PA 382 The Agricultural Conservation Program Helps Rural Areas Development

### ● FHA Publications

PA 432 Production Emergency Loans  
PA 406 Watershed Loans  
PA 254 Insured Farm Loans  
PA 476 Rural Housing Loans  
PA 62 Farm Ownership Loans  
PA 182 Operating Loans  
PA 255 Thumbnail Sketch  
PA 253 Loans for Soil and Water Conservation

### ● Others

Twenty-One Questions on RAD, REA  
Notes on Overall Economic Development Plans, FHA  
Suggested Content of an Overall Rural Areas Economic Development Program, Office of  
Rural Area Development  
Cooperatives—Tools for Rural Development (kit), FCS

Available at offices of County Agents or write Office of Information, U.S. Department of  
Agriculture, Washington 25, D.C.